



City Councilmember

Carl DeMaio

News Release

City Makes Progress with Labor Contracts -- But More Reforms Needed

Contracts Still Offer Unsustainable Retiree Health Care and Fringe Benefits

FOR IMMEDIATE RELEASE

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SAN DIEGO – City Councilmember Carl DeMaio today released the following statement in reaction to the City Council vote to agree to new labor contracts:

"Today's action to adopt new labor contracts is an important step in addressing the city's financial problems, but more must be done to reform unsustainable labor costs in the city's budget.

I am pleased that we were able to reach agreement with some of our labor unions. It is my hope that additional dialogue will result in improved relations, particularly as we return to the negotiating table in the coming months to seek additional reforms in the area of retiree health benefits.

City taxpayers have long been presented with the false choice that we must either raise taxes or suffer severe cuts in citizen services. Today's action reflects my long-held belief that the better path to solving the city's financial problems is to make our city government more efficient by reducing labor costs to sustainable levels in line with our local labor market."

The adoption of the labor contracts is a key element of the effort to balance the \$60 million FY 2010 budget deficit. The City will face another budget deficit in FY 2011 – particularly as the city's annual required pension payment is expected to increase significantly.

Prior to commencement of labor negotiations, DeMaio released a budget proposal to cut more than \$40 million from the budget through labor cost savings. The Mayor's final labor contracts included several of DeMaio's suggested reforms – including the elimination of pension "offset" payments, reduction of flat allowances for health care benefits, and restructuring of retiree health care benefits.

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